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SUBJECT: ETHNIC MINORITY ISSUES IN VIETNAM'S CENTRAL HIGHLAND DAK LAK PROVINCE

REF: A) HCMC 1464 B) 1173 HCMC C) HCMC 1140

1. (SBU) Summary: The Central Highlands Province of Dak Lak appears to be following Hanoi's directives to improve the economic and educational status of ethnic minorities. Discrimination and a plantation economy have left the ethnic minorities poor and disenfranchised. Provincial officials claim to have cut in-migration, initiated land reforms and begun to tackle the education deficit in the minority community. Local officials downplayed the issue of minorities crossing into Cambodia, stating that migration was a result of economic difficulties not political oppression. A visit to two villages showed some progress but continued official suspicion towards minorities. End Summary.

2. (SBU) A joint HCMC-Hanoi team visited Buon Ma Thuot, the capital of the Central Highlands Province of Dak Lak November 15-17 to review ethnic minority issues. Dak Lak was a center of ethnic minority unrest in 2001 and 2004 as was neighboring Gia Lai, which we visited in September (refs B and C). During the visit, we discussed ethnic minority issues with the Chairman of the People's Committee, the Provincial Director of the Ministry of Public Security, a number of officials at the Department of Planning and Investment and the Heads of the Committees for Minority and Religious Affairs. The team also visited the Highlands' Tay Nguyen University, coffee and rubber plantations -- key employers of ethnic minorities -- a boarding school for ethnic minorities and two ethnic minority villages, one without our GVN minders. (Issues of religious freedom and the province's economic outlook are covered in refs A and septel respectively.)

3. (SBU) Dak Lak Province has changed considerably since unification in 1975, but left its ethnic minority population disenfranchised economically and politically in the process. Until 1990, ethnic minorities comprised a majority in the province. By 2004, the province's 510,000 ethnic minority inhabitants comprised less than 30 percent of the population. This in-migration of ethnic Vietnamese (Kinh) also raised the population five-fold from 350,000 in 1975 to 1.7 million in 2004.

4. (SBU) Plantation cash-crop agriculture predominates in Dak Lak. Local officials told us that the province expanded from 7,000 hectares of coffee under cultivation in 1975 to 164,000 hectares today, and Dak Lak now produces 60 percent of Vietnam's coffee. In 1975 the province had 2,000 hectares of rubber under cultivation; 23,000 hectares today. Thirty years ago the province had no pepper, cotton or cashew industry; now it is a large producer of these products. As reported septel, ethnic Kinh, not the province's ethnic minorities, have benefited most from these new agricultural opportunities. All the company directors we met, both state-owned and private, said they employed only a small percentage of ethnic minorities.

5. (SBU) Mr. A Ma Phong, Head of the Provincial Committee for Minority Affairs (CMA), acknowledged that the province's economic development had largely bypassed ethnic minorities. Some 60 percent of persons in the province under the poverty line are ethnic minority, although minorities comprise less than 30 percent of the population. Similarly, only 48 percent of the ethnic minority households are electrified. Overall, 72 percent of households in the province are wired to the grid.

6. (SBU) Mr. Mai Van Thin, Vice Dean of Tay Nguyen University, told us that 11 percent of the University's recently expanded student body of 6,370 are ethnic minority students drawn from throughout the Central Highlands. Since its founding in 1977, 13 percent of the University's roughly 7,700 graduates have been ethnic minority students.

New initiatives

7. (SBU) People's Committee Chairman Nguyen Van Lang and CMA Chief Phong stressed that the province has begun to implement measures mandated by Hanoi to address economic and educational disparities between the ethnic Kinh and ethnic minorities:

-- As of 2004, the province banned in-migration from other provinces. Chairman Lang added that, in recent years, in-migration had been ebbing as land became scarcer and the price of coffee declined.

-- the province has banned land transactions between ethnic minorities and majority Kinh. The province wishes to stem the

practice of Montagnards selling their land to ethnic Vietnamese only to be left with nothing after a few years, forcing them to press for additional land handouts from the Government. In tandem with this policy, the province is focusing on improving the productivity of minority farmers.

-- each of the 38 poorest communes in the province -- most, if not all, ethnic minority -- will receive a 500 million Dong (USD 31,750) budgetary supplement for development. Children in these communities also will receive free education, free schoolbooks and free medical care. The province is in the process of establishing 13 boarding schools for ethnic minority children to serve these communities. These schools will feed into the ten high school-level boarding schools the State has established for ethnic minorities, the CMA Head said. The province also is considering establishing remedial training centers for older ethnic minority workers to enhance their competitiveness in the labor market, Chairman Lang told us.

-- Of the 1,500 new teachers being trained in the province, one-third are ethnic minority, Chairman Lang said. He added that Dak Lak has begun to develop a bilingual curriculum for some of its minority students.

-- The CMA Chairman said that the province has initiated a survey to identify which ethnic minority families have substandard housing or insufficient land to maintain themselves. The state will ensure that all ethnic minority families have at least two thousand square meters of rice paddy and one hectare of other arable land. Those who live in forested areas will receive 10 hectares of forest.

-- Some 200 families have been given nine million Dong (USD 570) each to build new homes, the CMA Chairman told us. Five million Dong comes from the central budget and four million from the provincial budget. The province has identified 16,612 households that require housing assistance.

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18. (SBU) Provincial officials downplayed the problem of ethnic minorities crossing into Cambodia, calling it a "normal phenomenon." They maintained that the bulk of border crossings are family or business oriented visits to neighboring ethnic minority villages in Cambodia. Many crossed "erroneously" as the border is not well demarcated. The Province's Ministry of Public Security Director did not raise the issue of Montagnard flight with us, even though we broached border control issues with him. However, a pastor affiliated with the GVN-recognized Southern Evangelical Church of Vietnam told us in late October that police and military units still are heavily deployed along the Cambodian frontier to prevent ethnic minority cross-border flight.

19. (SBU) Chairman Lang acknowledged that "some" Montagnards sought to flee because of economic hardship in the province. He and CMA Head Phong maintained that many ethnic minority members had taken out large bank loans to plant coffee only to struggle when prices declined sharply. Only a small minority has been encouraged to flee by "Dega" separatists such as Kok Ksor and the North Carolina-based Montagnard Foundation, who hoped to use the refugee issue to embarrass Vietnam.

10. (SBU) The People's Committee Chairman and the CMA Chief asserted that any ethnic minority individuals who wish to leave and join their families in the United States would be allowed to do so. They denied that any Montagnards are being prevented from applying for passports or are having their applications buried in procedure. The only exception was for those individuals who broke the law (NFI) or had unpaid bank debt. Chairman Lang recommended that ConGen notify the HCMC External Relations Office (ERO) of pending Montagnard follow-to-join cases. He said that HCMC ERO would then work with the province to facilitate processing.

Village Visits

11. (SBU) An unscheduled stop without our minders at a roadside ethnic minority village some 40 kilometers south of Buon Ma Thuot confirmed that some progress was being made. The village was relatively prosperous and was at least partially electrified. Villagers told us that many had sufficient land -- a few families were making between two and three million Dong (USD 120-180) per month, others only one-tenth that amount. The small community had at least 15 students in high school; many of them were hoping to go on to college.

12. (SBU) However, even in this relatively successful minority village, not all was well. Within ten minutes of our arrival, plainclothes police appeared and ordered us to depart, informing us that it was a "banned area." We later learned that at least some members of that community had participated in the unrest in April 2004. The province planned a second, "typical" village visit. The 46-person community clearly was relatively prosperous. However, we later found out that the village elder was a member of the province's Fatherland Front committee and an atypical ethnic

minority member of the Province's political elite.

Impact of Drought; Low Coffee Prices

13. (SBU) Provincial officials were fretting over the impact of drought on the province's economy. Nguyen Xuan Huong, Deputy Director of the Dak Lak Department of Planning and Investment (DPI), told us that up to 80 percent of the province's farmland was under threat. The DPI foresaw losses of 600 billion Dong (USD 38 million) in the agricultural sector, roughly 15 percent of the province's USD 250 million export earnings in 2003. Locals in the province also continue to agonize over depressed coffee prices. A local producer told us that a kilo of beans sells for 7,500 Dong (USD 48 cents), down 35 percent from only a few years ago. He told us that, at its peak in 1994, Dak Lak coffee would sell for over 40,000 Dong a kilo (over USD 3.00 at 1994 official exchange rates.)

14. (SBU) Comment: Most, if not all, the province's initiatives appeared to be have been launched or expanded since ethnic minority unrest first flared in 2001 or since the second wave of protests in 2004. The good news is that local authorities, who in the past have denied that anything was amiss, now seem to be trying to do something about the problem. However, their remedies will take time to have an impact, even if properly implemented. That said, over the near term, drought and depressed agricultural prices could heighten difficulties facing both ethnic Kinh and ethnic minority residents reliant on cash crops such as coffee. It is far from clear if the local and central governments' economic and education programs are sufficient to undo years of neglect and discrimination that contributed to the Montagnards' current difficulties. Dak Lak provincial officials did not show willingness to partner with NGOs to bring in development expertise.

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